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11 The Trust Board

7
8 **UNITED STATES BANKRUPTCY COURT**
CENTRAL DISTRICT OF CALIFORNIA
(SAN FERNANDO VALLEY DIVISION)
9

10 In re:
11 ICPW Liquidation Corporation, a California
12 corporation,¹
13 Debtor and Debtor in Possession.

Lead Case No.: 1:17-bk-12408-MB
Jointly administered with:
1:17-bk-12409-MB Chapter 11 Cases

**POST-CONFIRMATION STATUS
REPORT**

HEARING:

DATE: October 27, 2021
TIME: 1:30 p.m.
PLACE: Courtroom "303"
21041 Burbank Boulevard
Woodland Hills, California 91367

14 In re:
15 ICPW Liquidation Corporation, a Nevada
16 corporation,²
17 Debtor and Debtor in Possession.

Affects:

18 Both Debtors
19 ICPW Liquidation Corporation, a California
20 corporation
21 ICPW Liquidation Corporation, a Nevada
22 corporation

23 **TO THE HONORABLE MARTIN R. BARASH, UNITED STATES BANKRUPTCY**
24 **JUDGE:**

25 Matthew Pliskin, the trustee (the "Trustee"), under the trust (the "Trust") created pursuant
26 to the *Debtors' and Official Committee of Equity Security Holders' Joint Plan of Liquidation Dated*
27

28 ¹ Formerly known as Ironclad Performance Wear Corporation, a California corporation.

² Formerly known as Ironclad Performance Wear Corporation, a Nevada corporation.

1 *February 9, 2018* (the “Plan”) [Docket No. 438], and that certain trust agreement dated as of
2 February 28, 2018 (the “Trust Agreement”), entered into by and among the Trustee, ICPW
3 Liquidation Corporation, a California corporation, formerly known as Ironclad Performance Wear
4 Corporation, a California corporation, and ICPW Liquidation Corporation, a Nevada corporation
5 (“ICPW Nevada”), formerly known as Ironclad Performance Wear Corporation, a Nevada
6 corporation, hereby respectfully submits this Post-Confirmation Status Report, pursuant to Rule
7 3020-1(b) of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central
8 District of California.

9 The Plan is a liquidating plan confirmed by entry of an order by this Court on February 13,
10 2018 (the “Confirmation Order”). [Docket No. 442].

11 **Listing of Claims & Interests and Payments Under the Plan**

Class	Creditor(s)	Claim	Plan Payment to Date
Class 1	General Unsecured Claims	\$354,727.26	See Below
Class 2	Class of Shareholders	See Below	See Below
Class 3	Secured Claims	Disputed	Reserve
Class 4	Priority Unsecured Claims	Disputed	Reserve

15 **Class 1**

16 Class 1 consists of general unsecured claims. As indicated in the Plan, prior to the Plan, all
17 non-disputed general unsecured claims were paid by the Debtors with post-petition interest in
18 accordance with prior orders of the Court and the *Order Granting Debtors' Motion For Authority*
19 *To Pay Undisputed Pre-Petition Claims Of Solvent Estate And Establishing Protocol*. [Docket No.
20 345].

21 On May 29, 2018, the Trustee filed the *Notice of Objection and Objection to Claims in*
22 *Accordance with Debtors and Official Committee of Equity Security Holders Joint Plan of*
23 *Liquidation Dated February 9, 2018* (the “Objection”). [Docket No. 582]. The Objection provides
24 that the Trustee (i) disputes the validity and amount of the seven claims listed therein (the
25 “Claimants”) and the enforceability of the claims (the “Claims”) against the estates, (ii) anticipates
26 that any litigation against the Claimants will be commenced in another forum, and (iii) requests
27 disallowance of the Claims after an order is obtained in a different forum. The Trustee filed the
28

1 Objection in accordance with the Plan and to provide the Claimants with notice that the Trustee
2 disputed the Claims and, thus, no distribution has been made on the Claims.

3 As of the date of this Status Report, the Trustee has entered into settlement agreements with
4 the Claimants and all other claimants in Class 1.

5 **Class 2**

6 Class 2 consists of the Beneficial Interest Holders (as defined below), who were the equity
7 holders of ICPW Nevada as of the Record Date (*i.e.*, February 12, 2018). Pursuant to the Plan, on
8 February 28, 2018 (the “Effective Date”), the Trust was created and all of the outstanding shares
9 of common stock of ICPW Nevada (the “Common Stock”) existing on the Effective Date were
10 cancelled, and the record holders who owned shares of Common Stock on the Record Date became
11 holders of non-transferable beneficial interests in the Trust in exchange for those shares
12 (“Beneficial Interest Holders”). [Docket No. 438]. The Trust was created for the exclusive benefit
13 of Beneficial Interest Holders, net of claims and expenses payable under the express terms of the
14 Trust. *Id.*

15 In June 2018, the Trustee sent a letter to Beneficial Interest Holders informing them of an
16 interim distribution to them in the amount of \$7,243,994 (representing \$0.0835/share based upon
17 86,754,428 total outstanding shares). In August 2019, the Trustee sent a letter to Beneficial Interest
18 Holders informing them of an interim distribution to them in the amount of \$1,698,095. Both
19 distributions were made to Beneficial Interest Holders. In January 2020, the Trustee sent a letter
20 to Beneficial Interest Holders informing them of an interim distribution to them in the amount of
21 \$1,982,360. In July 2020, the Trustee sent a letter to Beneficial Interest Holders updating them of
22 the status of litigation. In January 2021, the Trustee sent a letter to Beneficial Interest Holders
23 informing them, among other things, that he anticipated making a distribution in March 2021.

24 In April 2021, the Trustee distributed \$2,464,556 to Beneficial Interest Holders. The
25 foregoing does not include any SEC fair funds recovery, which has not been received by the estates.
26 The Trustee had originally anticipated receiving these funds in the second quarter of 2021, but now
27 anticipates receiving the SEC fair funds recovery by year end or early in 2022. Once received the
28 Trustee will make a final distribution (the “Final Distribution”).

1 **Class 3**

2 Class 3 consists of the contingent and disputed claim of Radians Wareham Holdings, Inc.
3 (“Radians”). Pursuant to paragraph 26 in the Confirmation Order, on March 12, 2018, the Trustee
4 filed the *Motion to Estimate Claim of Radians Wareham Holding, Inc. for Reimbursement of Legal*
5 *Fees Pursuant to 11 U.S.C. § 502(c)* [Docket No. 473] (the “Estimation Motion”) for purposes of
6 establishing the Class 3 Reserve Fund (as defined in the Confirmation Order). At the hearing on
7 the Estimation Motion, the Trustee and Radians agreed that the Class 3 Reserve Fund should be
8 \$2,300,000 (the “Agreed Class 3 Reserve Fund”), which is reflected in the *Order Granting In Part*
9 *Motion To Estimate Claim Of Radians Wareham Holding, Inc. For Reimbursement Of Legal Fees*
10 *Pursuant To 11 U.S.C. § 502(c)*. [Docket No. 555].

11 On January 29, 2020, the Trustee filed a stipulation [Adv. Docket No. 74] (the “Radians
12 Stipulation”) that explained that the Trust and Radians reached a settlement in their adversary
13 proceeding (the “Radians Settlement”), as discussed below. Pursuant to the Radians Stipulation
14 and Radians Settlement, the parties agreed that the Trustee was no longer obligated to hold the
15 Class 3 Reserve Fund in a segregated trust account and agreed to the release of the Agreed Class 3
16 Reserve Fund in exchange for, among other things, the settlement payment approved by the Radians
17 Settlement. On February 20, 2020, the Court entered an order [Adv. Docket No. 75] approving the
18 Radians Stipulation.

19 **Class 4**

20 Class 4 consists of priority claims, pursuant to 11 U.S.C. §§ 507(a)(3), (4), (5), (6), and (7).
21 The only non-tax priority claims referenced in the Plan are the two priority wage claims in the
22 amount of \$12,850 (the “Cordes and Aisenberg Priority Claims”) filed by Cordes and Aisenberg
23 (the “Former Officers”). Prior to filing the Plan, the Official Committee of Equity Security Holders
24 had filed a complaint against the Former Officers that (i) objected to the claims asserted by the
25 Former Officers in their proofs of claims, and (ii) set forth the claims against the Former Officers
26 seeking damages for pre-petition harm arising from their conduct. [Adv. Proc. No.: 1:18-ap-
27 01011].

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1 The Plan classified the disputed claims of the Former Officers as part of Class 4. The Plan
2 provided that a total sum of \$300,000.00 (the “Class 4 Reserve Fund”) would be retained in a
3 segregated trust account, which would be used to pay the Cordes and Aisenberg Priority Claims to
4 the extent allowed by the Court, plus any indemnification claims of the Former Officers to the
5 extent allowed by the Court and not otherwise satisfied by the Debtors’ D&O Insurance. The
6 Former Officers filed an objection to the Plan, which sought a larger reserve. [Docket No. 425].

7 Pursuant to paragraph 26 in the Confirmation Order, the Trustee filed a motion to estimate
8 the disputed claims of the Former Officers for purposes of establishing the Class 4 Reserve Fund.
9 [Docket No. 474]. After briefing and prior to the hearing, the Trustee and the Former Officers
10 reached an agreement, which resulted in the *Order Approving Stipulation On Motion To Estimate
Claims Nos. 7 And 8 Filed By Jeffrey Cordes And William Aisenberg Pursuant To 11 U.S.C. §
502(c)* [Docket No. 553] establishing a reserve in the amount of \$546,313.50 in accordance with
11 the Plan.

12 On August 2, 2019, the Trustee filed the *Stipulation of Settlement* [Docket No. 615] (the
13 “Stipulation”) that explained that the Trust and the Former Officers reached a settlement in their
14 arbitration proceeding (the “Settlement”). Pursuant to the Stipulation and Settlement, the parties
15 agreed that the Trustee was no longer obligated to hold the Class 4 Reserve Fund in a segregated
16 trust account. On August 2, 2019, the Court entered an order approving the Stipulation [Docket
17 No. 616].

18 **Post-Confirmation Payment of Taxes**

19 The Trustee paid \$141,597.38 in actual and estimated taxes for the tax years 2016 and 2017.
20 The Trust did not owe taxes for 2018 or any subsequent years.

21 **Projections**

22 The Plan provided that it was being funded from various sources (*e.g.*, remaining estate
23 funds from the sale proceeds, funds in the operating account, monetary recoveries to be obtained
24 by the Trust postpetition, etc.) and not cash derived from the operation of any business by the
25 Debtor.

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1 As of June 30, 2021, there were disbursements in the amount of approximately
2 \$19,611,970.60. As of October 7, 2021, the Trust has approximately \$241,337, on hand. The
3 Trustee believes that the Trust is current on its payments to the United States Trustee for quarterly
4 fees.

5 **Plan Consummation and Final Decree**

6 The Trustee has settled all remaining litigation and intends to file a motion for a final decree
7 after the Final Distribution. Following the Final Distribution, the Trustee will file a motion for a
8 final decree. The Trustee has not made the Final Distribution because the Trustee is waiting for
9 approximately \$346,000 from the SEC related to the prepetition conduct by the former officers.

10 **Resolution of Litigation**

11 The Plan provides that the Trustee will, among other things, investigate and, if appropriate,
12 pursue all claims and causes of action that belong to the Estates and are assigned to the Trust for
13 the benefit of the Beneficial Interest Holders. [Docket No. 438]. Since the Confirmation Order,
14 the Trustee has analyzed, pursued, and settled certain claims and causes of action, as follows:

- 15 • On April 25, 2018, the Trustee commenced an arbitration proceeding against
16 Thomas Felton, the former Senior Vice President of Supply Chain (the “Felton
17 Arbitration”). In connection with the Former Officers, after extensive briefing and
18 a mediation that did not result in settlement, on July 31, 2018, the Court entered an
19 order granting the Trustee’s motion to compel arbitration against the Former
20 Officers. [Adv. Proc. No.: 1:18-ap-01011, Docket No. 52]. The Trustee
21 commenced an arbitration that was ultimately consolidated with the Felton
22 Arbitration (the “Consolidated Arbitration”). The Consolidated Arbitration settled
23 for \$2.4 million, plus the release of the Former Officers’ shares and claims. The
24 Trustee estimates the settlement had a value of approximately \$2.8 million.
- 25 • The Trustee filed a complaint against Robert Goldstein and his company for aiding
26 and abetting breach of fiduciary duty in the United States District Court for the
27 Central District of California, 2:18-cv-09491-FMO-AS, which transferred to the
28 Northern District of Texas. The parties settled the action for a nominal amount.

- 1 • On April 26, 2019, the Trustee filed an amended complaint (the “Amended
2 Complaint”) against Radians. On January 14, 2020, the Trustee filed a *Notice of
3 Settlement With and Payment to Radians Wareham Holding, Inc.* in the adversary
4 proceeding [Adv. Docket No. 73] and bankruptcy cases [Bankr. Docket No. 624]
5 pursuant to the Trust Agreement. No parties objected to the notice and, on January
6 29, 2020, the Trustee filed a stipulation [Adv. Docket No. 74] to approve the
7 settlement, which the Court approved [Adv. Docket No. 75] on February 20, 2020.
8 • The Trustee commenced an arbitration against BDO USA, LLP (“BDO”). The
9 Trustee has settled the BDO arbitration.

10 Dated: October 13, 2021

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13 TANIA M. MOYRON
14 By: /s/Tania M. Moyron
15 Tania M. Moyron, Counsel
16 to the Trustee and Trust Board

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